

SENATE BILL REPORT

SHB 2036

As Reported By Senate Committee On:
Commerce & Trade, April 3, 2003
Ways & Means, April 7, 2003

Title: An act relating to cigarette tax contracts.

Brief Description: Authorizing additional tribes to enter into cigarette tax contracts with the governor.

Sponsors: House Committee on Finance (originally sponsored by Representatives Buck, McCoy and Clements).

Brief History:

Committee Activity: Commerce & Trade: 4/3/03 [DP-WM].
Ways & Means: 4/7/03 [w/oRec].

SENATE COMMITTEE ON COMMERCE & TRADE

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin, Keiser and Mulliken.

Staff: John Dzedzic (786-7784)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That it be referred without recommendation.
Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Parlette, Regala, Roach, Sheahan, B. Sheldon and Winsley.

Staff: Terry Wilson (786-7433)

Background: Under federal law, the state cigarette tax of 142.5 cents per pack of 20 cigarettes does not apply to cigarettes sold on an Indian reservation to an enrolled tribal member for personal consumption. However, sales made by tribal cigarette retailers to nontribal members are subject to the state tax.

In 2001, the Legislature authorized the Governor to enter into contracts regarding the taxation of the sale of cigarettes sold on Indian lands. In general, under a cigarette tax contract authorized by Chapter 43.06 RCW, such sales are subject to a tribal cigarette tax equal to the state cigarette sales and use taxes, and are exempt from such state taxes. The rate may be phased in over three years, but can be no lower than 80 percent of state cigarette and sales tax rate.

The Legislature initially authorized the Governor to enter into agreements with 14 of the 29 federally recognized Indian tribes in Washington. Authority has been subsequently granted to enter into agreements with four additional tribes.

Summary of Bill: Authority is granted to the Governor to enter into cigarette tax contracts with the Quileute Tribe, the Samish Indian Nation, and the Kalispel Tribe.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: No one.